

FIRST REGULAR SESSION

SENATE BILL NO. 43

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR PURGASON.

Pre-filed December 1, 2006, and ordered printed.

TERRY L. SPIELER, Secretary.

0279S.011

AN ACT

To repeal section 70.655, RSMo, and to enact in lieu thereof one new section relating to the Missouri local government employees' retirement system.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 70.655, RSMo, is repealed and one new section enacted
2 in lieu thereof, to be known as section 70.655, to read as follows:

70.655. 1. Upon a member's retirement he or she shall receive an
2 allowance for life in accordance with the applicable benefit program elected by the
3 member's employer, as follows:

4 (1) Benefit program L-1. A member with credited service covered by
5 benefit program L-1 shall receive an allowance for life equal to one percent of the
6 member's final average salary multiplied by the number of years of such credited
7 service;

8 (2) Benefit program L-3. A member with credited service covered by
9 benefit program L-3 shall receive an allowance for life equal to one and
10 one-quarter percent of the member's final average salary multiplied by the
11 number of years of such credited service;

12 (3) Benefit program LT-4. A member with credited service covered by
13 benefit program LT-4 shall receive an allowance for life equal to one percent of
14 the member's final average salary multiplied by the number of years of such
15 credited service. In addition, if such member is retiring as provided in section
16 70.645 or section 70.650 or section 70.670, and if such member's age at retirement
17 is younger than age sixty-two, then such member shall receive a temporary
18 allowance equal to one percent of the member's final average salary multiplied
19 by the number of years of such credited service. Such temporary allowance shall

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

20 terminate at the end of the calendar month in which the earlier of the following
21 events occurs: such member's death; or the member's attainment of age sixty-two;

22 (4) Benefit program LT-5. A member with credited service covered by
23 benefit program LT-5 shall receive an allowance for life equal to one and
24 one-quarter percent of the member's final average salary multiplied by the
25 number of years of such credited service. In addition, if such member is retiring
26 as provided in section 70.645 or section 70.650 or section 70.670, and if such
27 member's age at retirement is younger than age sixty-two, then such member
28 shall receive a temporary allowance equal to three-quarters of one percent of the
29 member's final average salary multiplied by the number of years of such credited
30 service. Such temporary allowance shall terminate at the end of the calendar
31 month in which the earlier of the following events occurs: such member's death;
32 or the member's attainment of age sixty-two;

33 (5) Benefit program L-6. A member with credited service covered by
34 benefit program L-6 shall receive an allowance for life equal to two percent of the
35 member's final average salary multiplied by the number of years of such credited
36 service;

37 (6) Benefit program L-7. A member with credited service covered by
38 benefit program L-7 shall receive an allowance for life equal to one and one-half
39 percent of the member's final average salary multiplied by the number of years
40 of such credited service;

41 (7) Benefit program LT-8. A member with credited service covered by
42 benefit program LT-8 shall receive an allowance for life equal to one and one-half
43 percent of the member's final average salary multiplied by the number of years
44 of such credited service. In addition, if such member is retiring as provided in
45 section 70.645 or section 70.650 or section 70.670, and if such member's age at
46 retirement is younger than age sixty-two, then such member shall receive a
47 temporary allowance equal to one-half of one percent of the member's final
48 average salary multiplied by the number of years of such credited service. Such
49 temporary allowance shall terminate at the end of the calendar month in which
50 the earlier of the following events occurs: such member's death; or the member's
51 attainment of age sixty-two;

52 (8) Benefit program LT-4(65). A member with credited service covered by
53 benefit program LT-4(65) shall receive an allowance for life equal to one percent
54 of the member's final average salary multiplied by the number of years of such
55 credited service. In addition, if such member is retiring as provided in section
56 70.645 or section 70.650 or section 70.670, and if such member's age at retirement

57 is younger than age sixty-five, then such member shall receive a temporary
58 allowance equal to one percent of the member's final average salary multiplied
59 by the number of years of such credited service. Such temporary allowance shall
60 terminate at the end of the calendar month in which the earlier of the following
61 events occurs: such member's death; or the member's attainment of age sixty-five;

62 (9) Benefit program LT-5(65). A member with credited service covered by
63 benefit program LT-5(65) shall receive an allowance for life equal to one and
64 one-quarter percent of the member's final average salary multiplied by the
65 number of years of such credited service. In addition, if such member is retiring
66 as provided in section 70.645 or section 70.650 or section 70.670, and if such
67 member's age at retirement is younger than age sixty-five, then such member
68 shall receive a temporary allowance equal to three-quarters of one percent of the
69 member's final average salary multiplied by the number of years of such credited
70 service. Such temporary allowance shall terminate at the end of the calendar
71 month in which the earlier of the following events occurs: such member's death;
72 or the member's attainment of age sixty-five;

73 (10) Benefit program LT-8(65). A member with credited service covered
74 by benefit program LT-8(65) shall receive an allowance for life equal to one and
75 one-half percent of the member's final average salary multiplied by the number
76 of years of such credited service. In addition, if such member is retiring as
77 provided in section 70.645 or section 70.650 or section 70.670, and if such
78 member's age at retirement is younger than age sixty-five, then such member
79 shall receive a temporary allowance equal to one-half of one percent of the
80 member's final average salary multiplied by the number of years of such credited
81 service. Such temporary allowance shall terminate at the end of the calendar
82 month in which the earlier of the following events occurs: such member's death;
83 or the member's attainment of age sixty-five;

84 (11) Benefit program L-9. A member with credited service covered by
85 benefit program L-9 shall receive an allowance for life equal to one and six-tenths
86 percent of the member's final average salary multiplied by the number of years
87 of such credited service;

88 (12) Benefit program LT-10(65). A member with credited service covered
89 by benefit program LT-10(65) shall receive an allowance for life equal to one and
90 six-tenths percent of the members' final average salary multiplied by the number
91 of years of such credited service. In addition, if such member is retiring as
92 provided in section 70.645 or section 70.650 or section 70.670, and if such
93 member's age at retirement is younger than age sixty-five, then such member

94 shall receive a temporary allowance equal to four-tenths of one percent of the
95 member's final average salary multiplied by the number of years of such credited
96 service. Such temporary allowance shall terminate at the end of the calendar
97 month in which the earlier of the following events occurs: such member's death;
98 or the member's attainment of age sixty-five;

99 (13) Benefit program L-11. Benefit program L-11 may cover employment
100 in a position only if such position is not concurrently covered by federal Social
101 Security; in addition, if such position was previously covered by federal Social
102 Security, benefit program L-11 may cover only employment rendered after
103 cessation of federal Social Security coverage. A member with credited service
104 covered by benefit program L-11 shall receive an allowance for life equal to two
105 and one-half percent of the member's final average salary multiplied by the
106 number of years of such credited service;

107 (14) Benefit program L-12. A member with credited service covered by
108 benefit program L-12 shall receive an allowance for life equal to one and
109 three-quarter percent of the member's final average salary multiplied by the
110 number of years of such credited service;

111 (15) Benefit program LT-14(65). A member with credited service covered
112 by benefit program LT-14(65) shall receive an allowance for life equal to one and
113 three-quarter percent of the member's final average salary multiplied by the
114 number of years of such credited service. In addition, if such member is retiring
115 as provided in section 70.645, 70.650, or 70.670, then such member shall receive
116 a temporary allowance equal to one-quarter of one percent of the member's final
117 average salary multiplied by the number of years of such credited service. Such
118 temporary allowance shall terminate at the end of the calendar month in which
119 the earlier of the following events occurs: such member's death or the member's
120 attainment of age sixty-five.

121 2. If each portion of a member's credited service is not covered by the
122 same benefit program, then the member's total allowance for life shall be the total
123 of the allowance for life determined under each applicable benefit program.

124 3. Each employer shall have the credited service of each of its members
125 covered by benefit program L-1 provided for in this section unless such employer
126 shall have elected another benefit program provided for in this section.

127 4. Except as otherwise provided in this subsection, each political
128 subdivision, by majority vote of its governing body, may elect from time to time
129 to cover its members, whose political subdivision employment is concurrently
130 covered by federal Social Security, under one of the benefit programs provided for

131 in this section. Each political subdivision, by majority vote of its governing body,
132 may elect from time to time to cover its members, whose political subdivision
133 employment is not concurrently covered by federal Social Security, under one of
134 the benefit programs provided for in this section. The clerk or secretary of the
135 political subdivision shall certify the election of the benefit program to the board
136 within ten days after such vote. The effective date of the political subdivision's
137 benefit program is the first day of the calendar month specified by such governing
138 body, or the first day of the calendar month next following receipt by the board
139 of the certification of election of benefit program, or the effective date of the
140 political subdivision becoming an employer, whichever is the latest. Such election
141 of benefit program may be changed from time to time by such vote, but not more
142 often than biennially. If such changed benefit program provides larger allowances
143 than the benefit program previously in effect, then such larger benefit program
144 **[shall] may, if the political subdivision elects as such at the time of its**
145 **majority vote electing to cover its members under one of the benefit**
146 **programs provided for in this section,** be applicable to the past and future
147 employment with the employer by present and future employees, **but otherwise**
148 **shall be applicable only to credited service for employment rendered on**
149 **or after the effective date of such change.** If such changed benefit program
150 provides smaller allowances than the benefit program previously in effect, then
151 such changed benefit program shall be applicable only to credited service for
152 employment rendered from and after the effective date of such change. After
153 August 28, 1994, political subdivisions shall not elect coverage under benefit
154 program LT-4, benefit program LT-5, or benefit program LT-8. After August 28,
155 2005, political subdivisions shall not elect coverage under benefit program L-9 or
156 benefit program LT-10(65).

157 5. Should an employer change its election of benefit program as provided
158 in this section, the employer contributions shall be correspondingly changed
159 effective the same date as the benefit program change.

160 6. The limitation on increases in an employer's contribution provided by
161 subsection 6 of section 70.730 shall not apply to any contribution increase
162 resulting from an employer electing a benefit program which provides larger
163 allowances.

164 7. Subject to the provisions of subsections 9 and 10 of this section, for an
165 allowance becoming effective on September 28, 1975, or later, and beginning with
166 the October first which is at least twelve full months after the effective date of
167 the allowance, the amount of the allowance shall be redetermined effective each

168 October first and such redetermined amount shall be payable for the ensuing
169 year. Subject to the limitations stated in the next sentence, such redetermined
170 amount shall be the amount of the allowance otherwise payable multiplied by the
171 following percent: one hundred percent, plus two percent for each full year
172 (excluding any fraction of a year) in the period from the effective date of the
173 allowance to the current October first. In no event shall such redetermined
174 amount (1) be less than the amount of the allowance otherwise payable nor (2) be
175 more than the amount of the allowance otherwise payable multiplied by the
176 following fraction: the numerator shall be the Consumer Price Index for the
177 month of June immediately preceding such October first (but in no event an
178 amount less than the denominator below) and the denominator shall be the
179 Consumer Price Index for the month of June immediately preceding the effective
180 date of the allowance. As used herein, "Consumer Price Index" means the
181 Consumer Price Index for Urban Wage Earners and Clerical Workers, as
182 determined by the United States Department of Labor and in effect January 1,
183 1975; provided, should such Consumer Price Index be restructured subsequent to
184 1974 in a manner materially changing its character, the board shall change the
185 application of the Consumer Price Index so that as far as is practicable the 1975
186 intent of the use of the Consumer Price Index shall be continued. As used herein
187 "the amount of the allowance otherwise payable" means the amount of the
188 allowance which would be payable without regard to these provisions
189 redetermining allowance amounts after retirement.

190 8. Subject to the provisions of subsections 9 and 10 of this section, for an
191 allowance becoming effective on September 28, 1975, or later, the maximum
192 allowance payable under the provisions of section 70.685 shall be redetermined
193 each October first in the same manner as an allowance is redetermined under the
194 provisions of subsection 7 of this section.

195 9. (1) The system establishes reserves for the payment of future
196 allowances to retirants and beneficiaries. Should the board determine, after
197 consulting with the actuary, that the established reserves are more than
198 sufficient to provide such allowances, the board may increase the annual increase
199 rate provided for in subsections 7 and 8 of this section, as it applies to any
200 allowance payable, but in no event shall the total of all redetermined amounts as
201 of October first of any year be greater than one hundred four percent of the
202 allowances which would have been payable that October first without such
203 redeterminations; provided, as of any redetermination date the same annual
204 increase rate shall be applied to all allowances with effective dates in the range

205 of November first to October first of the following year. The board may extend
206 the provisions of subsections 7 and 8 of this section to allowances which became
207 effective before September 28, 1975; provided such an action by the board shall
208 not increase an employer contribution rate then in effect;

209 (2) After August 28, 1993, the annual increase rate established by this
210 subsection shall be a compound rate, compounded annually, and the four percent
211 annual maximum rate shall also be a compound rate, compounded annually;
212 provided, the use of such compounding shall not begin until October 1, 1993, and
213 shall not affect redeterminations made prior to that date.

214 10. Should the board determine that the provisions of subsections 7, 8 and
215 9 of this section are jeopardizing the financial solvency of the system, the board
216 shall suspend these provisions redetermining allowance amounts after retirement
217 for such periods of time as the board deems appropriate.

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Bill

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